

CHICKASAW COUNTY
NEW HAMPTON, IOWA

FINANCIAL REPORT

JUNE 30, 2005

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CHICKASAW COUNTY

OFFICIALS

| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> |
|--------------------|----------------------|---------------------|
| Arnie Boge | Board of Supervisors | January 2007 |
| Sherry Mattke | Board of Supervisors | January 2007 |
| John Huegel | Board of Supervisors | January 2008 |
| James Schueth | Board of Supervisors | January 2008 |
| Virgil Pickar, Jr. | Board of Supervisors | January 2008 |
| Judy Babcock | County Auditor | January 2008 |
| Sue Breitbach | County Treasurer | January 2007 |
| Cindy Messersmith | County Recorder | January 2007 |
| Martin Larsen | County Sheriff | January 2008 |
| W. Patrick Wegman | County Attorney | January 2007 |
| Douglas Welton | County Assessor | |

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New Hampton, Iowa 50659
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**INDEPENDENT AUDITOR'S REPORT ON THE
THE FINANCIAL STATEMENTS**

To the Board of Supervisors
Chickasaw County
New Hampton, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Chickasaw County as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Chickasaw County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Chickasaw County as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2005, on our consideration of Chickasaw County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on page 4 and pages 30 through 32, are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
October 12, 2005

**CHICKASAW COUNTY
NEW HAMPTON, IOWA**

**Management's Discussion and Analysis
For the Fiscal Year Ending June 30, 2005**

Management of Chickasaw County provides this Management's Discussion and Analysis of Chickasaw County's annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2005. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities decreased 6.05%, or approximately \$607,000, from fiscal 2004 to fiscal 2005. Operating grants and contributions increased approximately \$196,000 and capital grants and contributions decreased approximately \$715,000.
- Program expenses were 5.17%, or approximately \$480,000, less in fiscal 2005 than in fiscal 2004. Physical health and social service expense increased approximately \$71,000 and roads and transportation expenses decreased approximately \$952,000.
- The County's net assets increased 9.85%, or approximately \$1,905,000, from June 30, 2004 to June 30, 2005.

USING THE BASIC FINANCIAL STATEMENTS

The annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Chickasaw County as a financial whole, or as an entire operating entity.

The government-wide financial statements consist of a statement of net assets and a statement of activities. These provide information about the activities of Chickasaw County as a whole and present an overall view of the County's finances and a longer-term view of those finances.

The fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Chickasaw County's operations in more detail than the government-wide statements by providing information about the most significant funds with all other non-major funds presented in total in a single column. For Chickasaw County, the general fund, MH/DD-special revenue fund, rural services-special revenue fund, and secondary roads-special revenue fund are the most significant funds. The remaining statements provide financial information about activities for which Chickasaw County acts solely as an agent or custodian for the benefit of those outside of the government.

The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the County's budget for the year.

Supplementary information provides detailed information about the nonmajor special revenue and the individual fiduciary funds.

Reporting the County as a Whole

The Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The statement of net assets and the statement of activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The statement of net assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the event or change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

In the statement of net assets and statement of activities, the County is divided into two distinct kinds of activities:

Governmental Activities: Most of the County's programs and services are reported here, including public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, government services to residents, administration, interest on long-term debt and other non-program activities. Property tax, state tax credits and state and federal grants finance most of these activities.

Business-Type Activities: The County records their health insurance as an internal service fund.

REPORTING THE COUNTY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Fund financial reports provide detailed information about the County's major funds. The County uses different funds in accordance with the Uniform Financial Accounting for Iowa County Governments to record its financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the general fund, MH/DD-special revenue fund, rural services-special revenue fund, and secondary roads-special revenue fund.

Governmental Funds

Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. These governmental funds includes: 1) the general fund, 2) the special revenue funds such as mental health, rural service, and secondary roads, and 3) the capital projects fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The governmental funds required financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

Proprietary Fund

Proprietary fund accounts for the employee group health insurance-internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The proprietary fund requires financial statements to include a statement of net assets, a statement of revenues, expenses, and changes in net assets and a statement of cash flows.

Fiduciary Funds

Fiduciary funds are used to report assets held in an agency capacity for others and cannot be used to support the government's own programs. The County has agency funds that account for emergency management services, the county assessor, E911 service board are some examples.

The fiduciary funds required financial statements include a statement of fiduciary net assets.

A summary reconciliation between the government-wide financial statements and the fund financial statements follows the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in the net assets.

| Condensed Statement of Net Assets (Expressed in Thousands) | | | |
|---|-----------|-----------|-------------------|
| | 2005 | 2004 | Percent Change |
| Current and other assets | \$ 12,772 | \$ 9,876 | 29.32% |
| Capital assets | 14,461 | 14,416 | 0.31% |
| Total assets | 27,233 | 24,292 | 12.11% |
| Long-term debt outstanding | 575 | 599 | -4.01% |
| Other liabilities | 5,421 | 4,361 | 24.31% |
| Total liabilities | 5,996 | 4,960 | 20.89% |
| Net assets | | | |
| Invested in capital assets | 15,982 | 14,416 | 10.86% |
| Restricted | 2,502 | 3,472 | -27.94% |
| Unrestricted | 2,753 | 1,444 | 90.65% |
| Total net assets | \$ 21,237 | \$ 19,332 | 9.85% |

Chickasaw County's net assets for the governmental activities increased considerably from fiscal 2004 to fiscal 2005, due to the recording of more capital assets. The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings, and equipment). Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets-the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements-increased for the governmental activities \$1,308,941 or 90.65%.

The following analysis shows the change in net assets for the year ending June 30, 2005:

| Changes in Net Assets of Governmental Activities (Expressed in Thousands) | | | | |
|--|-----------|-----------|-------------------|--|
| | 2005 | 2004 | Percent Change | |
| Revenues: | | | | |
| Program revenue | | | | |
| Charges for service | \$ 1,095 | \$ 1,466 | -25.31% | |
| Operating grants | 3,499 | 3,303 | 5.93% | |
| Capital grants | 356 | 1,071 | -66.76% | |
| General revenue | | | | |
| Property taxes | 3,679 | 3,298 | 11.55% | |
| Local option sales tax | 496 | 446 | 11.21% | |
| Penalty and interest on property taxes | 26 | 28 | -7.14% | |
| State tax credits | 259 | 237 | 9.28% | |
| Grants and contributions | 22 | - | | |
| Unrestricted investment earnings | 152 | - | | |
| Gain (loss) on sale of capital assets | (154) | 134 | -214.93% | |
| Other | 4 | 58 | -93.10% | |
| Total revenues | 9,434 | 10,041 | -6.05% | |
| Program expenses: | | | | |
| Public safety and legal services | 1,102 | 1,095 | 0.64% | |
| Physical health and social services | 1,141 | 1,070 | 6.64% | |
| Mental health | 986 | 963 | 2.39% | |
| County environment and education | 476 | 607 | -21.58% | |
| Roads and transportation | 3,311 | 4,234 | -21.80% | |
| Government services to residents | 368 | 311 | 18.33% | |
| Administration or general government | 843 | 857 | -1.63% | |
| Non-program | 609 | 150 | 306.00% | |
| Total expenses | 8,836 | 9,287 | -4.86% | |
| Increase in net assets | 598 | 754 | -20.69% | |
| Net assets beginning of year, restated | 20,639 | 18,578 | 11.09% | |
| Net assets end of year | \$ 21,237 | \$ 19,332 | 9.85% | |

As the County completed the year, its governmental funds reported a combined fund balance of \$5,995,461, approximately \$402,968 increase of the 2004 fiscal year end balance of \$5,592,493.

- The general fund revenues and expenditures remained consistent when compared to the prior year. The ending fund balance showed an increase of 11.46% from the prior year of \$2,103,880 to \$2,344,957.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled \$986,241, an increase of 2.3% from the prior year. The mental health fund balance at year end increased by \$36,253 over the prior year.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Supervisors annually adopts a budget following required public notice and hearing for all funds, except agency funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The County budget is prepared on the cash basis. Over the course of the year, the County amended its budget twice. The amendments were made in March and May and resulted in an increase in general fund disbursements. However, this did not require an increase in taxes as the County received more intergovernmental revenues than originally projected.

The amendments made during the 2005 fiscal year should have no impact on the 2006 fiscal year's budget.

The following chart shows the original and amended budget for fiscal 2005 as well as the actual revenue and expenditures for the year:

| Budgetary Comparison Schedule | | | | |
|---|-----------------|----------------|----------|----------|
| (Expressed in Thousands) | | | | |
| | Actual Basis | Budget Amounts | | Variance |
| | | Original | Final | |
| REVENUES | | | | |
| Property and other County tax | \$ 4,142 | \$ 4,139 | \$ 4,139 | \$ 3 |
| Interest and penalty on property tax | 25 | 1 | 1 | 24 |
| Intergovernmental | 3,959 | 3,784 | 4,130 | (171) |
| Licenses and permits | 12 | 9 | 9 | 3 |
| Charges for service | 704 | 601 | 619 | 85 |
| Use of money and property | 184 | 74 | 74 | 110 |
| Miscellaneous | 140 | 73 | 73 | 67 |
| Total revenues | 9,166 | 8,681 | 9,045 | 121 |
| EXPENDITURES | | | | |
| Public safety and legal services | 1,105 | 1,123 | 1,145 | 40 |
| Physical health and social services | 1,137 | 1,303 | 1,325 | 188 |
| Mental health | 946 | 1,101 | 1,101 | 155 |
| County environment and education services | 480 | 493 | 554 | 74 |
| Roads and transportation | 3,717 | 3,357 | 3,708 | (9) |
| Governmental services to residents | 359 | 378 | 418 | 59 |
| Administrative services | 836 | 890 | 907 | 71 |
| Capital project | 238 | 261 | 286 | 48 |
| Total expenditures | \$ 8,818 | \$ 8,906 | \$ 9,444 | \$ 626 |

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2005, Chickasaw County had \$15,982,539 invested in a broad range of capital assets, including large road equipment, infrastructure and construction in progress for the governmental activities.

The County had depreciation expense of \$787,482 for fiscal year 2005 and total accumulated depreciation of \$9,020,119 as of June 30, 2005 for the governmental activities. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Liabilities

At June 30, 2005 Chickasaw County has approximately \$575,212 in estimated postclosure costs for the landfill. As postclosure expenses are incurred, such as engineering costs, or the cost of leachate disposal, the estimated costs are reduced. For fiscal year 2004, the estimate was \$599,088. The County is required to demonstrate financial assurance for the estimated costs at a minimum. At June 30, 2005, the balance restricted for postclosure costs was \$624,478.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Chickasaw County's elected and appointed officials and citizens always consider many factors when setting the fiscal year 2006 budget, tax rates, and the fees that will be charged for various County activities. One of those factors is the economy. The County's major valuation of agriculture land valuation dropped substantially due to implementation of 2004 valuations, payable in 2005-2006, causing a shift in taxpayer collections. The County has suffered from loss of employment as a result of Sara Lee, Featherlite, Con Agra and AMPI plant closings during recent past years. Unemployment in the County now stands at 5.7% for December 2005, 5.0% for May 2005, versus 5.8% for May 2004. This compares with the State's unemployment rate of 3.4 percent and the national rate of 3.9 percent.

Within the last two years, local economic development has been on an upswing. Several projects are in progress at present. New Hampton has grown to include Croell Headquarters, Progress Casting LTD, as well as other expansions to local industry; Fredericksburg now includes Kerry Inc. at the site of vacant Con Agra site, the new Fredericksburg Clinic, and in the near future, Nashua will include Welcome Center along the Avenue of the Saints and GMT Corp at the vacant Featherlite site. In fact recent economic development funding requests have superseded local option sales taxes revenue specifically intended for that purpose. In the proposed FY 2005-06 proposed budget, the Board had designated \$200,000.00 general basic funding to fund the present deficit as well as the anticipated industry growth. Along with the growth in area industry, the County has seen a substantial increase in the number of housing subdivisions. To attain planned and uniform development, the County has recently begun writing a Comprehensive Land Plan under the auspices of INRCOG. After the adoption of the Comprehensive Land Plan, County officials expect to adopt subdivision only zoning.

Inflation in the State continues to be somewhat lower than the national Consumer Price Index increase. The 2005 fiscal year CPI increase showed at 3.83%, compared with 3.2% for fiscal year 2004. However, public sector employment costs continue to rise due to salary increases and employee benefits.

These indicators were taken into account when adopting the budget for fiscal year 2006. The tax levy for the operating budget has increased to 8.99751, with FY 2004-05 year 8.615, the FY 2003-04 year 7.14, increasing the asking to \$4,151,424 from the \$3,859,155 over the final 2005 budget. The County has added no major new programs or initiatives to the 2005 budget, with the exception of mandated Homeland Security and Bioterrorism.

The County began sharing Case Management services with Mitchell County and CPC for coordination of mental health services, on July 1, 2004. The mental health budget has remained consistent at approximately \$490,000.00.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Chickasaw County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditor's Office, Chickasaw County, 8 E. Prospect Avenue, P.O. Box 311, New Hampton, LA 50659.

CHICKASAW COUNTY
STATEMENT OF NET ASSETS
June 30, 2005

EXHIBIT A

| | Governmental Activities |
|---|----------------------------|
| <hr/> | |
| ASSETS | |
| Cash and pooled investments | \$ 5,035,437 |
| Receivables | |
| Property tax | |
| Delinquent | 9,211 |
| Succeeding year | 4,151,424 |
| Accounts | 95,290 |
| Accrued interest | 51,755 |
| Due from other governments | 226,111 |
| Inventories | 630,844 |
| Prepaid expenses | 50,751 |
| Nondepreciable assets | 1,521,047 |
| Capital assets, net of accumulated depreciation | 14,461,492 |
| | <hr/> |
| Total assets | \$ 27,233,362 |
| | <hr/> |
| LIABILITIES AND NET ASSETS | |
| Accounts payable | \$ 1,029,322 |
| Salaries and benefits payable | 72,376 |
| Deferred revenue | |
| Succeeding year property tax | 4,351,424 |
| Long-term liabilities | |
| Portion due within one year | |
| Compensated absences | 167,397 |
| Portion due after one year | |
| Notes payable | 575,212 |
| | <hr/> |
| Total liabilities | 5,996,231 |
| | <hr/> |
| NET ASSETS | |
| Invested in capital assets | 15,982,539 |
| Restricted for | |
| Mental health | 407,610 |
| Rural service | 535,722 |
| Secondary roads | 908,094 |
| Other purposes | 649,790 |
| Unrestricted | 2,753,368 |
| | <hr/> |
| Total net assets | 21,237,131 |
| | <hr/> |
| Total liabilities and net assets | \$ 27,233,362 |
| | <hr/> |

See Notes to Financial Statements.

CHICKASAW COUNTY

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2005

| Functions and Programs | Expenses | Program Revenues | | Net (Expense) Revenue and Change in Net Assets |
|---|--------------|-------------------------|---------------------|---|
| | | Charges for Services | Operating Grants | |
| Governmental activities | | | | |
| Public safety and legal services | \$ 1,101,904 | \$ 55,913 | \$ 131,485 | \$ (914,506) |
| Physical health and social services | 1,141,105 | 169,090 | 555,989 | (416,026) |
| Mental health | 986,241 | 41,351 | 476,093 | (468,797) |
| County environment and education | 475,607 | 34,745 | 30,848 | (410,014) |
| Roads and transportation | 3,311,103 | 75,731 | 2,011,982 | (867,038) |
| Government services to residents | 348,394 | 225,800 | 4,217 | (138,377) |
| Administration or general government | 842,653 | 235,218 | 3,260 | (604,175) |
| Nonprogram | 609,480 | 256,727 | | (352,753) |
| Total governmental activities | 8,836,487 | 1,094,575 | 3,213,874 | (4,171,686) |
| General revenues | | | | |
| Property taxes levied for | | | | |
| General purposes | | | | 3,679,172 |
| Local option sales tax | | | | 495,598 |
| Penalty and interest on property taxes | | | | 25,617 |
| State tax credits | | | | 259,211 |
| Grants and contributions | | | | 21,957 |
| Unrestricted investment earnings | | | | 151,659 |
| Loss on sale of capital assets | | | | (153,841) |
| Miscellaneous | | | | 4,549 |
| Total general revenues | | | | 4,483,922 |
| Change in net assets | | | | 312,236 |
| Net assets, beginning of year, restated | | | | 20,924,895 |
| Net assets, end of year | | | | \$ 21,237,131 |

See Notes to Financial Statements.

CHICKASAW COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2005

| | General | Mental Health | Special Revenue Rural Services | Secondary Roads | Non-Major Governmental Funds | Total Governmental Funds |
|--|---------------------|---------------------|-----------------------------------|---------------------|------------------------------------|--------------------------------|
| ASSETS | | | | | | |
| Cash and pooled investments | \$ 2,277,263 | \$ 536,088 | \$ 513,668 | \$ 1,273,086 | \$ 1,155,380 | \$ 5,755,485 |
| Receivables | | | | | | |
| Property tax | | | | | | |
| Delinquent | 5,907 | 1,372 | 1,932 | | | 9,211 |
| Succeeding year | 2,574,789 | 490,709 | 1,085,926 | | | 4,151,424 |
| Accounts | 13,038 | (554) | 20,157 | 61,234 | 715 | 95,290 |
| Accrued interest | 50,029 | | | | 1,355 | 51,380 |
| Due from other funds | 35,725 | | | | | 35,725 |
| Due from other governments | 50,062 | 70 | | | | 50,132 |
| Inventories | | | | 147,821 | 20,158 | 167,979 |
| Prepaid insurance | | | | 630,844 | | 630,844 |
| | 31,803 | | | 18,946 | | 50,751 |
| Total assets | \$ 5,026,614 | \$ 1,027,685 | \$ 1,621,683 | \$ 2,132,631 | \$ 1,177,608 | \$ 10,986,221 |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | \$ 61,789 | \$ 128,703 | \$ 35 | \$ 542,190 | \$ 25,024 | \$ 757,749 |
| Salaries and benefits payable | 39,172 | 655 | - | 32,549 | | 72,376 |
| Deferred revenue | | | | | | |
| Succeeding year property tax | 2,574,789 | 490,709 | 1,085,926 | | | 4,151,424 |
| Other | 5,907 | 1,372 | 1,932 | | | 9,211 |
| Total liabilities | 2,681,657 | 621,439 | 1,087,893 | 574,747 | 25,024 | 4,990,760 |
| Fund balances | | | | | | |
| Reserved for | | | | | | |
| Inventories | | | | 630,844 | | 630,844 |
| Prepaid expenditures | 31,805 | | | 18,946 | 649,831 | 700,582 |
| Other | | | | | | |
| Unreserved | | | | | | |
| General fund | 2,313,152 | 406,246 | 533,790 | 908,094 | 502,753 | 4,664,035 |
| Special revenue funds | | | | | | |
| Total fund balances | 2,344,957 | 406,246 | 533,790 | 1,557,884 | 1,152,584 | 5,995,461 |
| Total liabilities and fund balances | \$ 5,026,614 | \$ 1,027,685 | \$ 1,621,683 | \$ 2,132,631 | \$ 1,177,608 | \$ 10,986,221 |

See Notes to Financial Statements.

CHICKASAW COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2005

| | |
|--|---------------|
| Reconciliation of governmental fund balances to net assets | |
| Total governmental fund balances | \$ 5,995,461 |
| Amounts reported for governmental activities | |
| in the statement of net assets are different because: | |
| Capital assets used in governmental activities are not | |
| financial resources and therefore are not reported as assets | |
| in the governmental funds, net of accumulated depreciation of | |
| \$ 9,020,119 | 15,982,539 |
| Other long-term assets are not available to pay for current | |
| period expenditures and therefore are deferred in the funds | 9,211 |
| Internal service funds are used by management to charge the costs of self | |
| funding of the County's health insurance benefit plan to individual funds. | |
| The assets and liabilities of the internal service fund are included in | |
| governmental activities in the statement of net assets. | (6,871) |
| Other liabilities, including bonds payable and accrued | |
| interest, are not due and payable in the current period and | |
| therefore are not reported as liabilities in the funds | |
| Notes payable | (575,212) |
| Compensated absences | (167,997) |
| Net assets of governmental activities | \$ 21,237,131 |

See Notes to Financial Statements.

CHICAGO COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2005

| | General | Mental Health | Special Revenue Rural Services | Secondary Roads | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|-------------------|-----------------------------------|---------------------|--------------------------|--------------------------|
| REVENUES | | | | | | |
| Property and other County tax | \$ 2,306,120 | \$ 469,266 | \$ 1,043,977 | \$ 247,799 | \$ 123,900 | \$ 4,191,062 |
| Interest and penalty on property tax | 25,617 | | | | | 25,617 |
| Intergovernmental | 886,566 | 507,959 | 62,283 | 2,479,456 | 9,896 | 3,940,560 |
| Licenses and permits | 13,240 | | | 20 | | 13,260 |
| Charges for service | 393,984 | 41,350 | | 19,801 | 31,605 | 686,870 |
| Use of money and property | 143,441 | | | 15,990 | 14,429 | 173,860 |
| Miscellaneous | 86,775 | 3,919 | | 42,639 | 6,032 | 139,365 |
| Total revenues | 4,049,143 | 1,022,494 | 1,106,260 | 2,805,705 | 185,942 | 9,169,544 |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| Public safety and legal services | 1,074,292 | | 6,647 | | 31,250 | 1,112,189 |
| Physical health and social services | 1,125,307 | | | | | 1,125,307 |
| Mental health | | 986,241 | | | | 986,241 |
| County environment and education services | 254,156 | | 72,567 | | 150,876 | 477,599 |
| Roads and transportation | | | | 3,573,374 | | 3,573,374 |
| Governmental services to residents | 321,002 | | | | 33,530 | 354,532 |
| Administrative services | 833,439 | | | | 2,000 | 835,439 |
| Nonprogram | | | | 100,108 | | 100,108 |
| Capital project | | | | 219,487 | | 219,487 |
| Total expenditures | 3,608,196 | 986,241 | 79,214 | 3,892,969 | 217,656 | 8,784,276 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 440,947 | 36,253 | 1,027,046 | (1,087,264) | (31,714) | 385,268 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | | | | | | |
| Proceeds from disposal of capital assets | 13,050 | | | 3,078,920 | 225,420 | 1,304,340 |
| Transfers out | (212,220) | | (991,420) | 4,650 | (100,000) | 17,700 |
| | (199,070) | | (991,420) | | | (1,304,340) |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES | 241,077 | 36,253 | 39,626 | (3,694) | 93,706 | 402,968 |
| FUND BALANCES, beginning of year | 2,103,880 | 369,993 | 498,164 | 1,561,578 | 1,058,878 | 5,592,493 |
| FUND BALANCES, end of year | \$ 2,344,957 | \$ 406,246 | \$ 537,790 | \$ 1,557,884 | \$ 1,152,584 | \$ 5,995,461 |

See Notes to Financial Statements.

CHICKASAW COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2005

| | | |
|---|----|-----------|
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of governmental funds to the statement of activities | | |
| Net change in fund balances - total governmental funds | \$ | 402,968 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceeds depreciation in the period. | | |
| Capital outlays | \$ | 1,217,569 |
| Depreciation | | (787,482) |
| | | 430,087 |
| Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds | | |
| Property tax | | 1,893 |
| Other | | (303,766) |
| | | (301,873) |
| The net effect of disposal of capital assets. | | (171,541) |
| The internal service fund is used by management to charge the costs of employee health benefits to individual funds. The net revenue of the internal service fund is reported with governmental activities. | | |
| | | (57,118) |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | | |
| Compensated absences | | (14,163) |
| Postclosure costs | | 23,876 |
| | | 9,713 |
| Change in net assets of governmental activities | \$ | 312,236 |

See Notes to Financial Statements.

CHICKASAW COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUND
June 30, 2005

EXHIBIT 8

| | Internal Service |
|----------------------------------|---------------------|
| | <hr/> |
| ASSETS | |
| Cash and pooled investments | \$ 264,227 |
| Accrued interest receivable | 375 |
| | <hr/> |
| Total assets | \$ 264,602 |
| | <hr/> |
| LIABILITIES AND NET ASSETS | |
| Liabilities | |
| Salaries and benefits payable | \$ 201,562 |
| Deferred revenue | 69,911 |
| | <hr/> |
| Total liabilities | 271,473 |
| | <hr/> |
| Net assets | |
| Unrestricted | (6,871) |
| | <hr/> |
| Total liabilities and net assets | \$ 264,602 |
| | <hr/> |

See Notes to Financial Statements.

CHICKASAW COUNTY

EXHIBIT F

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUND
 For the Year Ended June 30, 2005

| | Internal Service |
|----------------------------------|---------------------|
| OPERATING REVENUES | |
| Charges for service | \$ 874,079 |
| OPERATING EXPENSES | |
| Insurance claims paid | 768,637 |
| Administrative fees | 166,266 |
| Total operating expenses | 934,903 |
| Operating loss | (60,824) |
| NONOPERATING REVENUES (EXPENSES) | |
| Interest income | 3,706 |
| Change in net assets | (57,118) |
| NET ASSETS, beginning of year | 50,247 |
| NET ASSETS, end of year | \$ (6,871) |

See Notes to Financial Statements.

CHICKASAW COUNTY

EXHIBIT G

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 For the Year Ended June 30, 2005

| | Internal Service |
|---|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Cash received from charges for services | \$ 943,989 |
| Cash payments to suppliers for services | (754,581) |
| Net cash provided by operating activities | 189,408 |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Interest on investments | 3,331 |
| Net increase in cash and cash equivalents | 192,739 |
| CASH and CASH EQUIVALENTS, beginning of year | 71,488 |
| CASH and CASH EQUIVALENTS, end of year | \$ 264,227 |
| Reconciliation of operating loss to net cash provided by operating activities | |
| Operating loss | \$ (60,824) |
| Adjustments to reconcile operating loss to net cash provided by operating activities | |
| Increase in salaries and benefits payable | 180,323 |
| Increase in deferred revenue | 59,910 |
| Net cash provided by operating activities | \$ 189,408 |

See Notes to Financial Statements.

CHICKASAW COUNTY

EXHIBIT H

STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
June 30, 2005

ASSETS

| | |
|-----------------------------|----------------------|
| Cash and pooled investments | |
| County Treasurer | \$ 866,636 |
| Other County officials | 39,665 |
| Receivables | |
| Property tax | |
| Delinquent | 29,072 |
| Succeeding year | 10,296,094 |
| Accounts | 46,573 |
| Prepaid insurance | 5,720 |
| Total assets | <u>\$ 11,283,760</u> |

LIABILITIES

| | |
|-------------------------------|-------------------|
| Accounts payable | \$ 17,288 |
| Salaries and benefits payable | 7,637 |
| Due to other governments | 11,211,770 |
| Trusts payable | 47,065 |
| Total liabilities | <u>11,283,760</u> |

NET ASSETS

\$ None

See Notes to Financial Statements.

CHICKASAW COUNTY

NOTES TO FINANCIAL STATEMENTS

1. Nature of Operations and Significant Accounting Policies

a. Nature of Operations

Chickasaw County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

b. Significant Accounting Policies

Scope of Reporting Entity

For financial reporting purposes, Chickasaw County has included all funds, organizations, account groups, agencies, boards, commissions, and authorities. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization, or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the County; or the organization is fiscally dependent on the primary government. Also, any other organizations that due to the nature of significance of their relationship with the County should be included in the financial statements as component units. The County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Chickasaw County Assessor's Conference Board, Chickasaw County Emergency Management Commission, and Chickasaw County Joint E-911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in agency funds of the County.

Government-wide Financial Statements

The statement of net assets and the statement of activities report information on all of the non-fiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other non-exchange transactions

NOTES TO FINANCIAL STATEMENTS

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Government-wide Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds. The internal service fund is presented in a single column on the face of the proprietary fund statements.

The funds of the financial reporting entity are described below:

Governmental

General Fund

The general fund accounts for all the financial resources of the County, except for those required to be accounted for by other funds. The revenues of the general fund are primarily derived from general property taxes, charges for services, licenses and permits, and certain revenues from state and federal sources. The expenditures of the general fund primarily relate to general administration, public safety and legal services, physical health and social services, county environment and education services, governmental services to residents and administrative services.

Special Revenue Funds

The special revenue funds are used to account for revenues derived from specific sources which are usually required by law or regulation to be accounted for in separate funds. The funds in this category are rural services, secondary roads, and Mental Health/Development Disabilities (MH/DD) Services.

Proprietary Fund Types

Internal Service Fund

Internal service fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost-reimbursement basis.

NOTES TO FINANCIAL STATEMENTS

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

Fiduciary Fund Types

Agency Funds

The agency funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds. Agency funds are custodial in nature, assets equal liabilities, and do not involve measurement of results of operations.

Measurement Focus

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements.

On the government-wide statement of net assets and the statement of activities, both governmental and business-type activities are presented using the "economic resources" measurement focus as defined below in item b.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental fund financial statements are accounted for on current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance is considered a measure of "available spendable resources." Governmental fund operating statements present increases, revenues and other financing sources, and decreases, expenditures and other financing uses in fund balances. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.
- b. The proprietary funds are accounted for on economic resources measurement focus. This means that all assets and all liabilities, whether current or non-current, associated with their activity are included on their statements of net assets. In reporting the financial activity on the proprietary fund statements, the County applies all applicable GASB pronouncements. As allowed in Section P80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the County has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

NOTES TO FINANCIAL STATEMENTS

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

The government-wide and proprietary funds are accounted for using the accrual basis of accounting. Revenues are recognized as earned, and expenses are recognized when incurred. Property tax is recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied. This differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they become both measurable and available. Available means collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end. Expenditures are recorded when the liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due. Disbursements for the purchase of assets providing future benefits are recorded as expenditures at time of purchase.

Revenues susceptible to accrual under the modified accrual basis of accounting are property tax, intergovernmental revenue (shared revenues, grants and reimbursements from other governments), and charges for service and interest revenue. Revenues from licenses and permits, fines and forfeitures, refunds and reimbursements and other miscellaneous sources are generally recognized when received in cash as they are generally not measurable until actually received.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the combined financial statements:

Cash Management, Cash Equivalents and Investments

The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the general fund, unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, they have a maturity date no longer than three months.

NOTES TO FINANCIAL STATEMENTS

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Liabilities and Fund Equity (Continued)

Property Tax Receivable

Property taxes in the governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the County Board of Supervisors. Delinquent property taxes receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Interfund Transactions

During the course of its operations, the County has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2005, balances of interfund amounts receivable or payable have been recorded in the fund financial statements. Most of the interfund transactions have been eliminated on the government-wide statements.

Due from Other Governments

Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories

Inventories are valued at cost using the first-in, first-out method. Inventories in the special revenue funds consist of expendable supplies held for consumption. Reported inventories in the governmental fund financial statements are equally offset by a fund balance reserve which indicates that they are not available to liquidate current obligations.

Prepaid Expenditures

Payments made for insurance for a future period beyond June 30, 2005 are recorded as prepaid insurance. The fund balances in the governmental fund types have been reserved for the prepaid expenditures recorded in those funds. This reflects the amount of net assets not currently available for expenditure.

NOTES TO FINANCIAL STATEMENTS

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Liabilities and Fund Equity (Continued)

Capital Assets

Capital assets, which include property, equipment and vehicles and infrastructure assets, are reported in the governmental column in the government-wide statement of net assets. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

| | |
|----------------------------------|----------|
| Infrastructure | \$50,000 |
| Land, buildings and improvements | 25,000 |
| Equipment and vehicles | 5,000 |

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

| | |
|----------------|-------|
| Buildings | 20-50 |
| Infrastructure | 30-50 |
| Equipment | 2-20 |

Due to Other Governments

Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable

Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue

In the fund financial statements certain revenues are measurable they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of the succeeding year property tax receivable as well as delinquent property tax receivables. Deferred revenue on the statement of net assets consist of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

NOTES TO FINANCIAL STATEMENTS

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Liabilities and Fund Equity (Continued)

Compensated Absences

County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2005. The compensated absence liability attributable to the governmental activities will be paid primarily by the general and secondary road funds.

Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities of net assets.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balance

In the governmental fund financial statements, reservation of fund balances are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Reserved fund balances are used first when an expenditure is incurred for purposes for both reserved and unreserved fund balances.

Net Assets

Invested in capital assets, net of related debt consists of capital assets net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets consists of net assets with constraints placed on the use either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted net assets are used first when an expense is incurred for purposes for both restricted and unrestricted net assets.

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as required supplementary information.

NOTES TO FINANCIAL STATEMENTS

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Liabilities and Fund Equity (Continued)

Revenues, Expenditures and Expenses

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½ % per month penalty for delinquent payments; is based on January 1, 2003 assessed property valuations; is for the tax accrual period July 1, 2004 through June 30, 2005 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2004.

Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable, but has not been collected.

Federal and state grants, primarily capital grants, are recorded as revenue when the expenditures for the purpose of the grant have been incurred. Substantially all other shared revenues are recorded during the period when received from the collecting authority, the State of Iowa.

2. Deposits and Investments

The County's deposits in banks at June 30, 2005 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of drainage district.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$36,302, pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Interest rate risk

The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with the needs and use of the County.

NOTES TO FINANCIAL STATEMENTS

3. Due from Other Governments

Due from other governments consist of the following at June 30, 2005:

| | | |
|-----------------------|----|----------------|
| Governmental | | |
| General fund | | |
| Medicaid | \$ | 10,536 |
| Medicare | | 20,214 |
| Other | | <u>27,312</u> |
| | | <u>58,062</u> |
| Special Revenue | | |
| Mental health fund | | |
| Other | | <u>70</u> |
| Secondary roads fund | | |
| Road use tax | | 19,581 |
| Bridge replacement | | 114,451 |
| Other | | <u>13,789</u> |
| | | <u>147,821</u> |
| Nonmajor governmental | | <u>20,158</u> |
| Total governmental | \$ | <u>226,111</u> |

4. Capital Assets

Capital assets activity for the year ended June 30, 2005, was as follows:

| | Balance June 30, 2004 | Additions | Deletions | Balance June 30, 2005 |
|--|-----------------------------|-------------------|-------------------|-----------------------------|
| Governmental activities | | | | |
| Land | \$ 1,286,650 | | | \$ 1,286,650 |
| Infrastructure in progress | | \$ 234,397 | | <u>234,397</u> |
| | <u>1,286,650</u> | <u>234,397</u> | | <u>1,521,047</u> |
| Capital assets being depreciated | | | | |
| Buildings | 3,244,365 | | | 3,244,365 |
| Equipment | 2,930,667 | 354,121 | \$ 294,480 | 2,990,308 |
| Vehicles | 1,651,872 | 120,111 | 79,537 | 1,692,446 |
| Infrastructure | <u>15,045,552</u> | <u>508,940</u> | | <u>15,554,492</u> |
| Total capital assets being depreciated | <u>22,872,456</u> | <u>983,172</u> | <u>374,017</u> | <u>23,481,611</u> |
| Less accumulated depreciation | | | | |
| Buildings | 603,396 | 48,245 | | 651,641 |
| Equipment | 1,534,303 | 122,846 | 169,168 | 1,487,981 |
| Vehicles | 860,231 | 99,744 | 33,308 | 926,667 |
| Infrastructure | <u>5,437,183</u> | <u>516,647</u> | | <u>5,953,830</u> |
| Total accumulated depreciation | <u>8,435,113</u> | <u>787,482</u> | <u>202,476</u> | <u>9,020,119</u> |
| Total capital assets being depreciated, net | <u>14,437,343</u> | <u>195,690</u> | <u>171,541</u> | <u>14,461,492</u> |
| Governmental activities Capital assets, net | <u>\$15,723,993</u> | <u>\$ 430,087</u> | <u>\$ 171,541</u> | <u>\$15,982,539</u> |

NOTES TO FINANCIAL STATEMENTS

4. Capital Assets (Continued)

Depreciation expense was charged to functions of the primary government as follows:

| | |
|-------------------------------------|-------------------|
| Governmental activities | |
| Public safety and legal services | \$ 22,373 |
| Physical health and social services | 5,843 |
| County environment and education | 24,468 |
| Roads and transportation | 706,549 |
| Governmental services to residents | 8,346 |
| Administrative services | 19,903 |
| | <u>\$ 787,482</u> |

5. Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. The agency fund collections also include accruals of property tax for the succeeding year. The tax collections are remitted to those governments in the month following collection.

A summary of amounts due to other governments is as follows:

| | |
|--------------------------------|---------------------|
| Fiduciary | |
| Agency | |
| County Offices | \$ 10,791 |
| Agricultural extension | 144,769 |
| Assessor and special appraisal | 370,617 |
| Schools | 7,081,116 |
| Area schools | 361,255 |
| Corporations | 1,831,280 |
| Townships | 149,077 |
| Auto license and use tax | 232,130 |
| Other | 1,030,735 |
| | <u>\$11,211,770</u> |
| Total for agency funds | |

6. Pension and Retirement Benefits

The County contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits, which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of annual covered payroll except for law enforcement employees, in which case the percentages for the year ended June 30, 2005 are 5.10% and 7.66%, respectively.

For the year ended June 30, 2004, the contribution rates for law enforcement employees and the County were 4.99% and 7.48%, respectively.

For the year ended June 30, 2003, the contribution rates for law enforcement employees and the County were 5.37% and 7.48%, respectively.

Contribution requirements are established by state statute. The County's contribution to IPERS for the years ended June 30, 2005, 2004, and 2003 were \$179,397, \$165,146, and \$165,532, respectively, equal to the required contributions for each year.

NOTES TO FINANCIAL STATEMENTS

7. Construction, Purchase and Other Commitments

At June 30, 2005, the total outstanding construction and purchase commitments of the County amount to \$501,670.

The County has entered into agreements to pay Croell Redi Mix \$25,000 and Progressive Casting Group, Inc. \$100,000 to help pay for additional jobs out of the Economic Development-special revenue fund.

8. Leases

The County has leased farm land to Robert Schellhorn for \$9,914 from March 1, 2005 through February 28, 2006.

The County has leased business property to Heritage Regional Services for \$5,000/month from July 1, 2004 through June 30, 2009.

The County had a lease for a 2004 Volvo with Spreitzer, Inc. for \$5,100/month and option to buy at the end of the 6 month lease. In April 2005 the County purchased the 2004 Volvo.

9. Due to/from Other Funds

As of June 30, 2005, interfund receivables and payables that resulted from various interfund transactions were as follows:

| | <u>Due from Other Funds</u> | <u>Due to Other Funds</u> |
|--------------|---------------------------------|-------------------------------|
| General fund | \$ 15,725 | |
| Agency funds | | \$ 15,725 |
| | <u>\$ 15,725</u> | <u>\$ 15,725</u> |

10. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2005 is as follows:

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|-----------------------|-------------------------|--------------------------|
| General fund | | |
| Nonmajor governmental | | \$ 212,920 |
| Special revenue | | |
| Rural services | | 991,420 |
| Secondary roads | \$ 1,078,920 | |
| | <u>1,078,920</u> | <u>991,420</u> |
| Nonmajor governmental | <u>225,420</u> | <u>100,000</u> |
| Total | <u>\$ 1,304,340</u> | <u>\$ 1,304,340</u> |

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

NOTES TO FINANCIAL STATEMENTS

11. Fund Equity

The amounts reserved at June 30, 2005 are as follows:

| | |
|-----------------------------|---------------------|
| Reserved fund balances | |
| General fund | |
| Prepaid expenditures | \$ 31,805 |
| Special revenue fund | |
| Secondary roads | |
| Inventories | 630,844 |
| Prepaid expenditures | 18,946 |
| Nonmajor governmental funds | 649,831 |
| | <u>1,299,621</u> |
| | <u>\$ 1,331,426</u> |

12. Changes in Long-term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2005, is as follows:

| | Estimated Liability for Landfill Postclosure Costs | Compensated Absences | Total |
|---------------------------|--|-------------------------|-------------------|
| Balance beginning of year | \$ 599,088 | \$ 153,834 | \$ 752,922 |
| Additions | | 14,163 | 14,163 |
| Reductions | <u>23,876</u> | <u>None</u> | <u>23,876</u> |
| Balance end of year | <u>\$ 575,212</u> | <u>\$ 167,997</u> | <u>\$ 743,209</u> |

Postclosure Care Costs

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County stopped accepting waste at the landfill. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as a liability based on landfill capacity used as of each balance sheet date. The \$575,212 reported as estimated liability for landfill postclosure care costs at June 30, 2005, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the landfill. These amounts are based on what it would cost to perform all postclosure care during the year ended June 30, 2005. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

In anticipation of State regulations requiring municipal solid waste landfills to demonstrate financial responsibility for the costs of closure and postclosure care, the County has restricted \$624,478 as of June 30, 2005 for such purposes. These funds are reflected as a restriction of fund balance within the special revenue-landfill postclosure costs fund. While this designation represents the County's intended use of these funds, they are currently not legally restricted in any manner.

NOTES TO FINANCIAL STATEMENTS

13. Contingent Liabilities

The County participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If expenditures are disallowed by the grantor government due to noncompliance with grant program regulations, the County may be required to reimburse the grantor government. As of June 30, 2005 significant amounts of grant expenditures have not been audited by granting authorities but the County believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the County.

14. Risk Management

Chickasaw County is a member in the Heartland Insurance Risk Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Heartland Insurance Risk Pool (Pool) is a local government risk-sharing pool whose 10 members include various governmental entities throughout the State of Iowa. The Pool was formed July 1, 1987 for the purpose of providing a voluntary self-insured program to counties in the State of Iowa. The program is designed to provide members a greatly improved loss control program whose purpose is to reduce claims and accidents; aid through sound and equitable claim management practices to reduce costs; and provide the required and/or desired reinsurance at a discount, based on volume and lower risk exposure. The Pool provides coverage and protection in the following categories: workers' compensation, automobile liability, and automobile physical damage and crime lines of business on an occurrence basis. General liability coverage is written on a claims-made basis. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the pool's general and administrative expenses, claims, claims expenses, and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital.

The Pool also provides property, inland marine, boiler, public officials' errors and omissions, law enforcement liability and business income and extra expense coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of an deficiency in capital. Any year end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contribution to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2005 were \$241,907.

NOTES TO FINANCIAL STATEMENTS

14. Risk Management (Continued)

The Pool uses reinsurance and excess risk sharing agreements to reduce its exposure to large losses. The Pool retains automobile and general liability risks in excess of \$250,000 up to \$1,000,000 per claim. The Pool retains workers' compensation risks in excess of \$350,000 up to \$1,000,000 per claim. Automobile and general liability claims exceeding \$1,000,000 are reinsured in an amount not to exceed \$3,000,000 per claim. Workers' compensation claims exceeding \$1,000,000 are reinsured in an amount not to exceed \$2,000,000. Crime lines of business risks are retained by the Pool up to \$25,000 per occurrence. Automobile physical damage risks are retained by the Pool up to the replacement cost of the vehicle. All property, inland marine, boiler, public officials' errors and omissions, business income and expense, and law enforcement liability risks are also reinsured on an individual member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk sharing protection provided by the member's risk sharing certificates, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2005, no liability has been recorded in the County's financial statements. As of June 30, 2005, settled claims have not exceeded the risk pool or reinsurance company coverage in any of the past fiscal years.

Members agree to continue membership in the Pool for a period of not less than three full years. Subsequent to this initial term, the member may withdraw at the end of the third fiscal year of any three year term, only after at least 60 days prior written notice. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, the member is refunded 100 percent of its capital contributions however the refund is reduced by an amount equal to the annual operating contribution, which the withdrawing member would have made for the one year period following withdrawal and the member's proportionate share of any capital deficiency.

15. Employee Health Insurance Plan

As of January 1, 2003, the County returned to a fully self-funded health insurance plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Midwest Benefits, Inc. The agreement is subject to automatic renewal provisions. Monthly payments of service fees and plan contributions to the Chickasaw County Health Self Funding Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Midwest Benefits, Inc. from the Chickasaw County Health Insurance Fund. The County records the plan assets and related liabilities of the Chickasaw County Health Insurance Funding as an Internal Service Fund. The County's contribution to the fund for the year ended June 30, 2005 was \$660,395.

NOTES TO FINANCIAL STATEMENTS

15. Employee Health Insurance Plan (Continued)

Amounts payable from the health insurance fund at June 30, 2005 total \$201,563 which is for incurred but unpaid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims, and to establish a reserve for catastrophic losses. A liability has been established based on the requirements of Government Accounting Standards Board Statement Number 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. An analysis of claims activity in the internal service fund follows:

| | |
|---------------------------------|-------------------|
| Beginning liability | \$ 21,239 |
| Claims and changes in estimates | 948,961 |
| Claim payments | <u>(768,637)</u> |
| Ending liability | <u>\$ 201,563</u> |

16. Restatement

Beginning net assets were restated due to the land being included in capital assets and deferred revenue for Federal Agency Management Grant money. The additional capital assets included land the County owns and did not include in previous reports. The County received grant money in October 2004 for expenditures incurred in year ending 2004, that was not picked up as deferred revenue in prior year.

CHICKASAW COUNTY

BUDGETARY COMPARISON SCHEDULE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCE -
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS
June 30, 2005

| | Actual | Budget Amounts | | Final to Actual Variance- Positive (Negative) |
|--|---------------------|---------------------|---------------------|---|
| | | Original | Final | |
| RECEIPTS | | | | |
| Property and other County tax | \$ 4,142,111 | \$ 4,138,782 | \$ 4,138,782 | \$ 3,329 |
| Interest and penalty on property tax | 25,617 | 1,045 | 1,045 | 24,572 |
| Intergovernmental | 3,958,862 | 3,783,607 | 4,130,159 | (171,297) |
| Licenses and permits | 12,528 | 9,625 | 9,625 | 2,903 |
| Charges for service | 703,677 | 600,987 | 618,771 | 84,906 |
| Use of money and property | 183,703 | 73,884 | 73,884 | 109,819 |
| Miscellaneous | 139,953 | 72,640 | 72,640 | 67,313 |
| Total receipts | 9,166,451 | 8,680,570 | 9,044,906 | 121,545 |
| DISBURSEMENTS | | | | |
| Public safety and legal services | 1,105,212 | 1,122,669 | 1,144,639 | 39,427 |
| Physical health and social services | 1,136,830 | 1,303,268 | 1,325,268 | 188,438 |
| Mental health | 945,898 | 1,100,720 | 1,100,720 | 154,822 |
| County environment and education services | 480,008 | 493,452 | 554,022 | 74,014 |
| Roads and transportation | 3,716,743 | 3,357,300 | 3,707,900 | (8,843) |
| Governmental services to residents | 359,277 | 377,924 | 417,924 | 58,647 |
| Administrative services | 836,041 | 889,889 | 906,889 | 70,848 |
| Capital project | 238,434 | 260,500 | 285,500 | 47,066 |
| Total disbursements | 8,818,443 | 8,905,722 | 9,442,862 | 624,419 |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS | 348,008 | (325,152) | (397,956) | 745,964 |
| OTHER FINANCING SOURCES, NET | 17,701 | 500 | 500 | 17,201 |
| EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER FINANCING USES | 365,709 | (224,652) | (397,456) | 763,165 |
| BALANCE, beginning of year | 5,389,776 | 4,689,728 | 5,389,776 | - |
| BALANCE, end of year | \$ 5,755,485 | \$ 4,465,076 | \$ 4,992,320 | \$ 763,165 |

See Notes to Required Supplementary Information.

CHICKASAW COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 BUDGET TO GAAP RECONCILIATION

For the Year Ended June 30, 2005

| | Governmental Funds | | |
|------------------------------|---------------------|------------------------|------------------------------|
| | Cash Basis | Accrual Adjustments | Modified Accrual Basis |
| Revenues | \$ 9,166,451 | \$ 3,093 | \$ 9,169,544 |
| Expenditures | 8,818,443 | (34,167) | 8,784,276 |
| Net | 348,008 | 37,260 | 385,268 |
| Other financing sources, net | 17,701 | (1) | 17,700 |
| Beginning fund balance | 5,389,776 | 202,717 | 5,592,493 |
| Ending fund balance | <u>\$ 5,755,485</u> | <u>\$ 239,976</u> | <u>\$ 5,995,461</u> |

See Notes to Required Supplementary Information.

CHICKASAW COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
June 30, 2005

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the general fund and each major special revenue fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except agency funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund or fund type. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration services, nonprogram, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the general fund, special revenue fund, debt service fund and capital projects fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$537,140. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office, by the County Agricultural Extension Council; for the County Assessor, by the County Conference Board; and for the E-911 System, by the Joint E-911 Service Board, and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2005, disbursements exceeded the amounts budgeted in the roads and transportation function.

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Decorah, Iowa 52101
Telephone 563 382-3637
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New Hampton, Iowa 50659
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**INDEPENDENT AUDITOR'S REPORT ON THE
SUPPLEMENTARY INFORMATION**

To the Board of Supervisors
Chickasaw County
New Hampton, Iowa

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Chickasaw County's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects, in relation to the basic financial statements as of and for the year ended June 30, 2005, taken as a whole.

The basic financial statements of Chickasaw County for the year ended June 30, 2004 and general purpose financial statements for the years ended June 30, 2003 and 2002, none of which are presented herein, were audited by other auditors whose reports dated May 27, 2005, expressed unqualified opinion on those financial statements. Their report, as of the same date, on the information presented on page 40 stated that, in their opinion, such information was fairly stated in all material respects in relation to the basic financial statement for the year ended June 30, 2004 and the general purpose financial statements for the years ended June 30, 2003 and 2002, taken as a whole.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
October 12, 2005

CHICKASAW COUNTY

SCHEDULE 1

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2005

| | Special Revenue Funds | Capital Projects Fund | Total Nonmajor Governmental |
|--------------------------------------|-----------------------------|-----------------------------|-----------------------------------|
| ASSETS | | | |
| Cash and pooled investments | \$ 955,380 | \$ 200,000 | \$ 1,155,380 |
| Receivables | | | |
| Accounts | 715 | | 715 |
| Accrued interest | 1,355 | | 1,355 |
| Due from other governments | 20,158 | | 20,158 |
| Total assets | <u>\$ 977,608</u> | <u>\$ 200,000</u> | <u>\$ 1,177,608</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities | | | |
| Accounts payable | \$ 25,024 | | \$ 25,024 |
| Total liabilities | <u>25,024</u> | <u>\$ -</u> | <u>25,024</u> |
| Fund balances | | | |
| Reserved | | | |
| REAP grant | 25,377 | | 25,377 |
| Landfill | 624,454 | | 624,454 |
| Unreserved | 302,753 | 200,000 | 502,753 |
| Total fund balances | <u>952,584</u> | <u>200,000</u> | <u>1,152,584</u> |
| Total liabilities and fund balances | <u>\$ 977,608</u> | <u>\$ 200,000</u> | <u>\$ 1,177,608</u> |

See Independent Auditor's Report on the Supplementary Information.

CHICKASAW COUNTY

SCHEDULE 2

COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2005

| | Special Revenue Funds | Capital Projects Fund | Total Nonmajor Governmental Funds |
|--|-----------------------------|-----------------------------|---|
| REVENUES | | | |
| Property and other County tax | \$ 123,900 | | \$ 123,900 |
| Intergovernmental | 9,896 | | 9,896 |
| Charges for service | 31,685 | | 31,685 |
| Use of money and property | 14,429 | | 14,429 |
| Miscellaneous | 6,032 | | 6,032 |
| Total revenues | 185,942 | \$ - | 185,942 |
| EXPENDITURES | | | |
| Operating | | | |
| Public safety and legal services | 31,250 | | 31,250 |
| County environment and education | 150,876 | | 150,876 |
| Government services to residence | 33,530 | | 33,530 |
| Administration | 2,000 | | 2,000 |
| Total expenditures | 217,656 | - | 217,656 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (31,714) | - | (31,714) |
| OTHER FINANCING SOURCES | | | |
| Operating transfers in | 25,420 | 200,000 | 225,420 |
| Operating transfers out | (100,000) | | (100,000) |
| | (74,580) | 200,000 | 125,420 |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES | (106,294) | 200,000 | 93,706 |
| FUND BALANCES, beginning of year | 1,058,878 | | 1,058,878 |
| FUND BALANCES, end of year | \$ 952,584 | \$ 200,000 | \$ 1,152,584 |

See Independent Auditor's Report on the Supplementary Information.

CHICAGO COUNTY

COMBINED BALANCE SHEET
REVENUES SPECIAL SERVICES FUNDS
June 30, 2015

| RRF | Recorder's Records Management | County Retention | Revenue Development | Conservation Land Acquisition | Sheriff's E-S Unit | Sheriff's E-8 Unit | Sheriff's E-8 Unit | Ambulance Services | Recorder's Electronic Transactions Fee | Landfill Pollution Control | Attorney Professional | Total Special Services |
|-------------------------------------|-------------------------------|------------------|---------------------|-------------------------------|--------------------|--------------------|--------------------|--------------------|--|----------------------------|-----------------------|------------------------|
| \$ 25,351 | \$ 9,746 | \$ 79,453 | \$ 189,143 | \$ 6,200 | \$ 9,640 | \$ 363 | \$ 7,164 | \$ 6,433 | \$ 623,193 | \$ 285 | \$ 866,189 | |
| - | 286 | - | - | - | 413 | - | - | - | - | - | - | 725 |
| 36 | 13 | - | - | - | 32 | - | - | - | 27 | 1,287 | - | 1,395 |
| - | - | 32,894 | 8,844 | - | - | - | - | - | - | - | - | 20,214 |
| \$ 25,277 | \$ 5,043 | \$ 112,347 | \$ 197,987 | \$ 6,200 | \$ 10,083 | \$ 363 | \$ 7,164 | \$ 6,460 | \$ 634,419 | \$ 285 | \$ 977,000 | |
| LIABILITIES AND FUND BALANCES | | | | | | | | | | | | |
| Liabilities | | | | | | | | | | | | |
| Accounts payable | | | | | | | | | | | | |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 25,183 | \$ - | \$ 24 | \$ - | \$ - | \$ 25,208 |
| Total liabilities | | | | | | | | | | | | |
| - | - | - | - | - | - | - | - | 25,183 | - | 24 | - | 25,208 |
| Fund balances | | | | | | | | | | | | |
| 25,377 | 5,843 | 112,347 | 197,987 | 6,200 | 10,083 | 363 | 7,164 | 17,881 | 6,460 | 634,419 | 285 | 977,000 |
| Reserved | | | | | | | | | | | | |
| - | - | - | - | - | - | - | - | - | - | - | - | - |
| 25,377 | 5,843 | 112,347 | 197,987 | 6,200 | 10,083 | 363 | 7,164 | 17,881 | 6,460 | 634,419 | 285 | 977,000 |
| Total fund balances | | | | | | | | | | | | |
| \$ 25,377 | \$ 5,843 | \$ 112,347 | \$ 197,987 | \$ 6,200 | \$ 10,083 | \$ 363 | \$ 7,164 | \$ 17,881 | \$ 6,460 | \$ 634,419 | \$ 285 | \$ 977,000 |
| Total liabilities and fund balances | | | | | | | | | | | | |
| \$ 25,377 | \$ 5,843 | \$ 112,347 | \$ 197,987 | \$ 6,200 | \$ 10,083 | \$ 363 | \$ 7,164 | \$ 17,881 | \$ 6,460 | \$ 634,419 | \$ 285 | \$ 977,000 |

CLACKAMOUNT COUNTY

COMBINED STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
SPECIALIZED ACCOUNTING PRICES
For the Year Ended June 30, 2015

| REVENUE | Recorder's Records Management | County Department | Economic Development | Conservation Land Acquisition | Real Estate's P-9 Unit | Real Estate's TAX | Advocate Services | Recorder's Electronic Transaction Fee | Landfill Franchise Costs | Attorney Fees/Hours | Total Special Revenue |
|---|-------------------------------------|----------------------|-------------------------|-------------------------------------|---------------------------|----------------------|----------------------|---|--------------------------------|------------------------|-----------------------------|
| PROPERTY AND OTHER COUNTY TAX | - | - | - | - | - | - | - | - | - | - | - |
| INTERGOVERNMENTAL | 9,899 | 74,339 | 49,541 | - | - | - | - | - | - | - | 133,909 |
| CHARGES FOR SERVICE | - | - | - | - | - | - | - | - | - | - | 3,000 |
| USE OF MONEY AND PROPERTY | 150 | 2,794 | 10,949 | - | 3,702 | - | - | 14,104 | 13,803 | 3 | 31,605 |
| MISCELLANEOUS | 6,003 | 61 | - | - | 107 | 448 | - | 207 | - | - | 8,629 |
| | - | - | - | - | 104 | - | - | - | - | - | 4,003 |
| Total revenues | 14,059 | 74,339 | 60,529 | - | 4,516 | 447 | - | 14,403 | 13,803 | 3 | 185,242 |
| EXPENDITURES | | | | | | | | | | | |
| Operating | - | - | - | - | - | - | - | - | - | - | - |
| Public safety and legal services | - | - | - | - | - | - | - | - | - | - | - |
| County environment and education | - | 30,000 | 98,888 | - | - | - | - | - | 32,016 | 198 | 31,220 |
| Government services to residents | - | - | - | - | - | - | - | 28,450 | - | - | 150,876 |
| Administration | - | 2,000 | - | - | - | - | - | - | - | - | 30,510 |
| Total expenditures | - | 32,000 | 98,888 | - | - | - | - | 28,450 | 32,016 | 198 | 317,656 |
| REVENUE (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 14,059 | 42,339 | 137,471 | - | 4,516 | 447 | - | 14,403 | 19,023 | 133 | 157,586 |
| OTHER FINANCING SOURCES | | | | | | | | | | | |
| Transfers in | - | - | - | - | - | - | - | - | - | - | - |
| Transfers (out) | - | (100,000) | - | - | - | - | - | - | - | - | (100,000) |
| REVENUE (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES | 14,059 | (12,287) | 137,471 | - | 4,516 | 447 | - | 14,403 | 19,023 | 133 | 57,586 |
| FUND BALANCES, beginning of year | 10,488 | 8,250 | 256,087 | - | 11,387 | 147 | - | 22,714 | 69,467 | - | 2,058,878 |
| FUND BALANCES, end of year | 24,547 | 51,751 | 287,216 | 4,500 | 16,043 | 342 | 11,934 | 8,449 | 89,490 | 285 | 2,116,364 |

CHICKADEE COUNTY

CHICKADEE COUNTY OF CHICKADEE IN FISCAL YEAR
ADDITIONS AND DEDUCTIONS - ADDED FUND
For the Year Ended June 30, 2021

| | County Office | Agricultural Extension Education | County Assessor | Schools | Area Schools | Corporations | Townships | City Special Assessments | Auto License and Use Tax | Other | Total |
|-----------------------------------|------------------|--|--------------------|--------------|-----------------|--------------|------------|--------------------------------|--------------------------------|--------------|---------------|
| | | | | | | | | | | | |
| Balance beginning of year | \$ 11,839 | \$ 129,474 | \$ 272,580 | \$ 4,754,134 | \$ 333,871 | \$ 1,513,242 | \$ 215,588 | \$ - | \$ 345,043 | \$ 821,878 | \$ 10,397,667 |
| Additions | | | | | | | | | | | |
| Property tax | | | | | | | | | | | |
| 2011 exchange | | 144,224 | 288,457 | 4,774,389 | 358,797 | 1,732,382 | 17,034 | | | 286,780 | 9,332,828 |
| State tax credits | | 9,171 | 24,107 | 441,277 | 21,821 | 124,279 | 9,718 | | | 20,850 | 52,859 |
| Office fees and collections | 241,475 | | | | | | | | | 20,680 | 427,336 |
| Auto license, use tax and postage | | | | | | | | | 3,887,652 | | 942,353 |
| Trucks | 99,254 | | | | | | | | | | 99,254 |
| Miscellaneous | 42,462 | | | | | | | 4,088 | | | 46,550 |
| Total additions | 383,222 | 183,461 | 289,564 | 7,235,666 | 380,618 | 1,857,738 | 86,743 | 4,088 | 3,891,552 | 1,128,213 | 14,293,174 |
| Deductions | | | | | | | | | | | |
| Agency contributions | | | | | | | | | | | |
| To other funds | 185,129 | | | | | | | | | | 185,129 |
| To other government | 121,053 | | 212,569 | 4,881,896 | 355,164 | 1,538,719 | 151,264 | | 3,449,248 | 89,736 | 13,139,735 |
| Miscellaneous | 24,423 | | | | | | | 4,576 | | 68,263 | 96,866 |
| Trucks paid out | 49,254 | | | | | | | | | | 49,254 |
| Total deductions | 280,928 | 138,146 | 212,569 | 4,881,896 | 355,164 | 1,538,719 | 151,264 | 4,576 | 3,449,248 | 89,736 | 13,396,718 |
| Other financing sources (uses) | | | | | | | | | | | |
| Operating transfers in (out) | | | | | | | | | | | |
| Balance end of year | \$ 48,131 | \$ 144,769 | \$ 379,572 | \$ 7,881,116 | \$ 363,353 | \$ 1,851,248 | \$ 149,077 | \$ 888 | \$ 229,418 | \$ 1,867,995 | \$ 11,299,483 |

COMPARATIVE SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUND TYPES
 Years Ended June 30,

| | 2005 | Modified Accrual 2004 | 2003 | 2002 |
|---|---------------------|--------------------------|---------------------|---------------------|
| REVENUES | | | | |
| Property and other County tax | \$ 4,191,062 | \$ 3,740,774 | \$ 3,111,405 | \$ 3,056,395 |
| Interest and penalty on property tax | 25,617 | 28,503 | 27,431 | 32,630 |
| Intergovernmental | 3,940,560 | 4,007,690 | 3,622,117 | 4,119,066 |
| Licenses and permits | 12,260 | 13,165 | 9,842 | 8,943 |
| Charges for service | 686,820 | 689,513 | 700,818 | 633,482 |
| Use of money and property | 173,860 | 148,715 | 200,168 | 315,009 |
| Miscellaneous | 139,365 | 180,712 | 60,703 | 145,351 |
| Total revenues | <u>\$ 9,169,544</u> | <u>\$ 8,809,072</u> | <u>\$ 7,732,484</u> | <u>\$ 8,310,876</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Public safety and legal services | \$ 1,112,189 | \$ 1,063,303 | \$ 1,156,610 | 1,081,375 |
| Physical health and social services | 1,125,307 | 1,049,749 | 1,050,744 | 1,000,039 |
| Mental health | 986,241 | 963,821 | 1,058,135 | 985,896 |
| County environment and education services | 477,599 | 606,179 | 485,164 | 341,956 |
| Roads and transportation | 3,573,374 | 3,641,090 | 3,273,852 | 3,536,447 |
| Governmental services to residents | 354,532 | 295,670 | 271,566 | 268,173 |
| Administrative services | 835,439 | 832,928 | 1,018,133 | 864,485 |
| Nonprogram | 100,108 | | | |
| Capital project | 219,487 | 431,342 | 141,970 | 1,102,682 |
| Total expenditures | <u>\$ 8,784,276</u> | <u>\$ 8,884,082</u> | <u>\$ 8,456,174</u> | <u>\$ 9,181,053</u> |

See Independent Auditor's Report on the Supplementary Information.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Supervisors
Chickasaw County
New Hampton, Iowa

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Chickasaw County as of and for the year ended June 30, 2005, which collectively comprise Chickasaw County's basic financial statements and have issued our report thereon dated October 12, 2005. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Chickasaw County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Chickasaw County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described below.

Overlapping Duties

The County's offices are not large enough to permit an adequate segregation of duties for effective internal controls. The concentration of closely related duties and responsibilities such as the recording and processing of cash receipts, preparing grant expenditure reports, preparing financial information for posting and analyzing financial information by a small staff makes it impossible to establish an adequate system of automatic internal checks on the accuracy and reliability of the accounting records. While we do recognize that the County is not large enough to permit a segregation of duties for effective internal controls, we believe that it is important that the Board be aware that this condition does exist.

Response

Management is cognizant of this limitation.

Conclusion

Response acknowledged.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Chickasaw County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain matters that we reported to management of Chickasaw County in a separate letter dated October 12, 2005.

This report is intended solely for the information and use of the Board of Supervisors, management, others within the County, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
October 12, 2005

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MANAGEMENT LETTER

To the Board of Supervisors
Chickasaw County
New Hampton, Iowa

In planning and performing our audit of the financial statements of Chickasaw County as of and for the year ended June 30, 2005, we considered the County's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

In accordance with Chapter 11 of the Code of Iowa, we are required to report on the County's compliance with certain sections of the Iowa Code, Attorney General's Opinions and other matters. Items 1 through 11 below are compliance comments required by the Iowa Auditor of State. A separate report dated October 12, 2005, contains our report on reportable conditions in the County's internal control structure. This letter does not affect our report dated October 12, 2005 on the financial statements of Chickasaw County. Comments 1, 2 and 14 are unresolved comments from the prior year. All other prior year statutory comments have been resolved. These comments are not intended to and do not constitute legal opinions.

1. Official Depositories

A resolution naming official depositories has been approved by the Board. The maximum deposit amount stated in the resolution for the Auditor's Office was exceeded at Security State Bank and the Treasurer's Office at Northeast Security Bank.

Recommendation

We recommend that the depository resolutions be reviewed to ensure that the limits are not exceeded during the year.

Response

We will adopt a new depository resolution to increase the maximum authorized deposit amount at Security State Bank and Northeast Security Bank.

Conclusion

Response accepted.

2. Certified Budget

Disbursements for the year ended June 30, 2005 did not exceed the amounts budgeted in total, however the budget was exceeded in the roads and transportation function area.

Recommendation

The County needs to review the expenditures in all ten function areas for all funds before expenditures exceed the budget amounts to be in compliance with Chapter 331.434 of the Code of Iowa.

2. Certified Budget (Continued)

Response

Engineer will follow expenditures closer to stay under budgeted amounts.

Conclusion

Response accepted.

3. Questionable Expenditures

We noted no expenditures that did not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

4. Travel Expense

No expenditures of County money for travel expenses of spouses of County officials and/or employees were noted.

5. Business Transactions

We noted no business transactions between the County and County officials and/or employees for the year ended June 30, 2005.

6. Bond Coverage

Surety bond coverage of County officials and employees is in accordance with statutory provisions.

7. Board Minutes

No transactions were found that we believe should have been approved in the Board minutes but were not. The minutes were published as required by Chapter 349.18 of the Code of Iowa and Attorney General's opinions dated December 10, 1985, December 31, 1986 and May 2, 1989.

8. Resource Enhancement and Protection Certification

The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with Subsections (b)(2) and (b)(3).

9. County Extension Office

The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from County operations and, consequently, is not included in Exhibits A through D.

Disbursements during the year ended June 30, 2005 for the County Extension Office did not exceed the amount budgeted.

The surety bond covering the Treasurer of the County Extension Council was in compliance with statutory provisions.

During our audit, we noticed the ending fund balance in the County Extension office exceeded the amount allowed to carryforward by Chapter 176A.8(13) of the Code of Iowa.

9. County Extension Office (Continued)

Recommendation

We recommend that the County Extension Council review their needs and review the amount that they need to collect from property taxes to comply with State law.

Response

The ending fund balance, excluding the grant funds, was below the amount allowed to carry forward. Chapter 176A.8 (13) of the Code of Iowa disallows grant funds from the carried forward. The FY05 carryover maximum was \$114,973.70. The FY05 carryover was \$105,738.86.

Conclusion

Response accepted.

10. Deposits and Investments

No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted. However, we did notice that the County Auditor was not reconciling the clearing account on a monthly basis. We noted no Board approval for the County Auditor to purchase a certificate deposit for the internal service fund.

Recommendation

All bank accounts should be reconciled on a monthly basis and Board approval should be obtained in purchasing any new investments.

Response

Auditor will reconcile clearing account monthly and will seek written approval for future purchase of certificate of deposit for the internal service fund.

Conclusion

Response accepted.

11. Property and Equipment Records

A record of the County's fixed assets is maintained by individual offices. Property journal totals have not been summarized, nor has reconciliation been performed to balance additions and deletions to the general ledger.

Recommendation

To facilitate the proper insurance, maintenance and safeguarding of these assets, an inventory of all property and equipment should be taken at least once each year and checked against the fixed assets records.

Response

FY 2004-05 was the first year Chickasaw County implemented GASB34 reporting program for County assets. Each successive year should bring about more accountability and a truer reconciliation. Auditor staff requests assistance with reconciling proper reports to the general ledger.

Conclusion

Response accepted.

12. Financial Assurance

The County is required to demonstrate financial assurance for postclosure care costs for the landfill. The County has chosen local government dedicated fund as provided in Chapter 111.6(8) of the Iowa Administrative Code. The County is in compliance with the Code.

13. Fund Balance Deficit

For the year ended June 30, 2005, we noted a deficit fund balance in the special revenue fund-ambulance services of \$17,836.

Recommendation

The Board of Supervisors should determine the manner in which the deficit will be eliminated.

Response

In truth, a deficit did not exist. Investigation determined an expenditure warrant preceded the accounting transfer that was intended to fund the expenditure.

Conclusion

Response accepted based on appropriate transfer being made.

14. Separately Maintained Account

We noted the internal service fund-employee group health was not included in the County's accounting system or financial reports. Disbursements from the fund are not included in the claims process.

Recommendation

The employee group health account should be included in the County's accounting system, claims process, and financial reporting. In accordance with the Code of Iowa, all collections should be remitted to the County Treasurer and all expenditures should be approved by the County Board of Supervisors and reflected in the County's accounting system and financial reports.

Response

Auditor maintains internal service fund for employee group health account funding. Claims are funded by ACH from account weekly as authorized by Auditor. If expenditures were to be approved on claims authorized by the Board, the County would not be compliant with time deadline nor would County be HIPAA compliant.

Conclusion

Response accepted.

15. County Treasurer and County Recorder Duties

We noted during our audit, the County Treasurer does not keep on file the bond and oath of the County Auditor as provided by Chapter 64.23 of the Code of Iowa. The County Recorder does not have an index and record of homesteads in the County per Chapter 331.607 of the Code of Iowa.

Recommendation

We recommend that the department heads review their duties to verify that they are in compliance with the Code of Iowa.

Response

Auditor has filed bond and oath of Auditor with Treasurer. County Assessor maintains a record of homesteads on behalf of the County.

Conclusion

Response accepted.

16. Payroll

During our audit, we noticed that two Sheriff Deputies' salaries exceeded 85% of the Sheriff's salary that is required by Chapter 331.904 of the Code of Iowa.

Recommendation

The Board of Supervisors needs to review the salary requirements that are in the Code of Iowa before salary increases are approved for any deputies.

Response

Sheriff deputies' are based on hourly compensation as per union contract with overtime after 166 hours in a 28 day period, while Sheriff is salaried without consideration for the number of hours worked.

Conclusion

Response noted, however compensation does not follow Iowa Code.

17. Disbursements

We became aware during our audit that there is no unified policy on ordering or purchasing supplies for the County. There is also no unified way in which travel expenses are incurred throughout the departments.

Recommendation

We recommend that the Board of Supervisors review the policies that are in place or put policies in place to help unify how travel expenses are incurred and supplies are purchased. This practice will help the County to keep an eye on disbursements.

Response

Each department purchases supplies as needed. Purchases over \$500 are required to be approved by the Board prior to the purchase. Travel expenses are allowed at 35 cents per mile, actual reimbursement for lodging and \$20 per diem for meals reimbursement with overnight lodging. No other policy has been set as a part of County policy.

Conclusion

Response accepted.

18. Accounting Records

During our audit, we discovered that there was improper recording in the accrual financial records of the County. The special revenue fund-secondary roads received \$285,581 in October 2004 for reimbursement of a FEMA project that should have been recorded as a receivable and as deferred revenue on the financial statements as of June 30, 2004.

Recommendation

We recommend that the accounting personnel of the County review receipts more closely to make sure the revenue is being reported in the proper period. We also recommend that the department heads communicate to each other when there is revenue earned but not received is recorded properly.

Response

The Engineer will keep track of known revenues yet to be received and document appropriately, as needed.

Conclusion

Response accepted.

This report is intended solely for the information and use of the Board of Supervisors, management, others within the County, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by the personnel of Chickasaw County during the course of our examination.

Should you have any questions concerning these or other matters, we shall be pleased to discuss them with you at your convenience.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
October 12, 2005